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Commissioners

# ADOPTED

BOARD OF COMMISSIONERS  
HOUSING AUTHORITY

October 19, 2010

The Honorable Board of Commissioners  
Housing Authority of the  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

#1-H OCTOBER 19, 2010

SACHI A. HAMAI  
EXECUTIVE OFFICER

Dear Commissioners:

## **APPROVE HEALTH PLANS (ALL DISTRICTS) (3 VOTES)**

### **SUBJECT**

This letter recommends approval of the Community Development Commission (Commission) employee health benefits for the 2011 calendar year. Housing Authority approval is required because Housing Authority funds will be used to pay the benefits for Commission employees working in Housing Authority programs. This letter relates to an item on the agenda of the Board of Commissioners of the Community Development Commission.

### **IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that approval of the 2011 health plans is not subject to the provisions of the California Environmental Quality Act (CEQA) because the activities are not defined as a project under CEQA.
2. Authorize the Executive Director to approve the proposed premium rates for group medical plans provided by Anthem Blue Cross of California Health Maintenance Organization (HMO) and Preferred Provider Option (PPO) and Kaiser Health Plan (Kaiser), effective January 1, 2011.
3. Approve the combined payment with the Community Development Commission of the employer-paid medical subsidy for the 2011 calendar year to Anthem Blue Cross of California and Kaiser, at an estimated cost not to exceed \$250,000.
4. Authorize the Housing Authority to fund all health plan costs using funds included in the approved Fiscal Year 2010-11 budget and funds to be approved through the annual budget process for Fiscal Year 2011-12, as needed.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended action is to provide Commission employees affordable health care coverage that is comparable with plans offered to County employees for the 2011 calendar year. The current plans end on December 31, 2010. Housing Authority approval is required because Housing Authority funds will be used to pay the benefits for Commission employees working in Housing Authority programs.

### **FISCAL IMPACT/FINANCING**

For the 2011 calendar year, the minimum contribution under the Flexible Benefit and Optional Benefit plans will increase by \$50 per month from \$953 and \$695 to \$1003 and \$745 per month, respectively. The total estimated cost for this increase is \$310,000. These increases are provided to assist employees with the purchase of medical, dental, vision and life insurance benefits.

The employer-paid medical subsidy is estimated to not exceed \$250,000 for January 1, 2011 through December 31, 2011.

The current Fiscal Year 2010-11 budgets of the Commission and Housing Authority include funds for the proposed health plan changes through June 30, 2011. The annual budget process for Fiscal Year 2011-2012 will include funding for the remainder of the calendar year costs.

The meet and confer process is currently underway with The Laborers' International Union Of North America, LOCAL 777 (LIUNA), and that process could result in the seeking of a modification of this letter at a future date. Until such time as the current contributions and subsidies are modified, the increased cost of the group insurance premiums will be borne entirely by the affected employees.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Currently, employees covered by the Flexible Benefit Plan receive an employer contribution expressed as a percentage of salary, but not less than a minimum contribution of \$953 per month. Employees covered by the Optional Benefit Plan receive \$695 per month. For 2011, the minimum contribution will increase to \$1003 per month for the Flexible Benefit Plan and to \$745 per month for the Optional Benefit Plan; the estimated annual cost of this increase is \$310,000. On October 11, 2005, your Board delegated authority to the Executive Director of the Commission to increase these contributions provided the amounts do not exceed the contributions for County of Los Angeles employees. The County contributions are currently at \$1,078 and \$809 under the MegaFlex and Flexible Benefit Plans, respectively.

Employees are currently provided with Anthem Blue Cross HMO, Anthem Blue Cross PPO, and Kaiser as employee medical plan options. During the month of August, the Commission evaluated these plans and the cost increases for 2011, with the assistance of the Commission's insurance broker, Alliant Insurance Services.

Negotiations with Anthem Blue Cross resulted in a premium increase of approximately 13.5% for the HMO and 19.5% for the PPO. Kaiser is requiring an increase of 1.1%.

In an effort to help employees pay for medical insurance coverage, the Commission will continue to

provide an employer-paid medical subsidy. This amount, estimated at a cost of up to \$250,000, plus the amount contributed by each employee, will fund the premiums for medical insurance in 2011.

The new monthly contribution for each medical plan is provided in Attachment A.

The County's Chief Executive Office and County Counsel have reviewed this letter.

This Housing Commission will consider this item for concurrent approval at its meeting of October 27, 2010. The annual open enrollment period, which allows Commission employees to enroll in their health plans for 2011, will begin following your Board approval. Commission employees must have at least a two week period to enroll so that the Commission may submit the new enrollment details to the health plan providers during the month of November. Any delays will prevent the Commission from meeting the enrollment deadlines and contractual agreements with the health plan providers which are due to expire on December 31, 2010.

#### **ENVIRONMENTAL DOCUMENTATION**

This action is exempt from the provisions of the National Environmental Policy Act pursuant to Title 24 of the Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment. The action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The recommended actions are consistent with the principle of promoting the well-being of Commission employees and their families by offering comprehensive employee benefits.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN  
Executive Director

SR:jd

Enclosures

**Attachment A**Monthly Employee Contribution for 2011\*

## Anthem Blue Cross HMO\*

Employee Only	\$430.00
Employee + One	\$775.00
Family	\$1020.00

## Anthem Blue Cross PPO\*

Employee Only	\$640.00
Employee + One	\$1350.00
Family	\$1900.00

## Kaiser\*

Employee Only	\$456.00
Employee + One	\$854.00
Family	\$1020.00

\* Reflective of the employee cost after the subsidy is applied to the actual plan cost for non-represented employees.